



Changes in How DRMS will Sell Scrap

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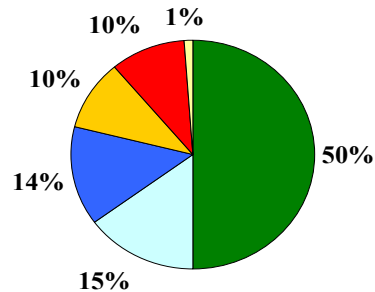
DRMS ORGANIZATION

| ACTIVITY | DRMS | DRMOs | FRAs |
|---------------------------|-------------|--------------|-------------|
| HEADQUARTERS | 1 | | |
| DRMS NATIONAL | | 69 | 42 |
| DRMS INTERNATIONAL | | 26 | 4 |

•DRMS 95 DRMOs AND 46 FORWARD RECEIVING ACTIVITIES (FRAs) ARE LOCATED IN 39 STATES AND 13 FOREIGN COUNTRIES

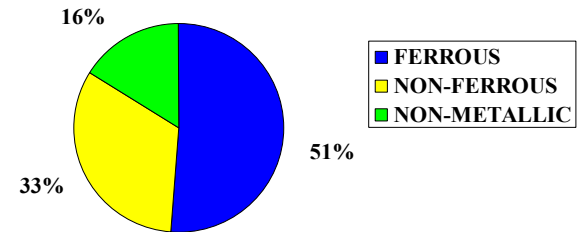
SCRAP GENERATIONS

OVER 22,000 DoD ACTIVITIES (WORLDWIDE) TURN-IN SCRAP

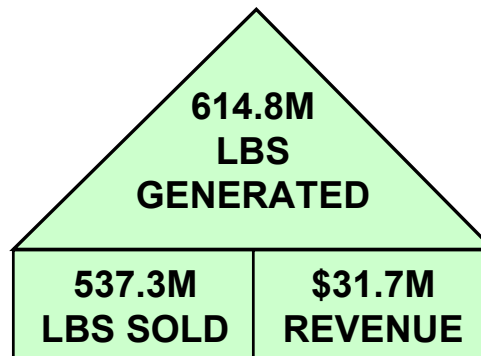


GENERATORS
(BY POUNDS)

FY00

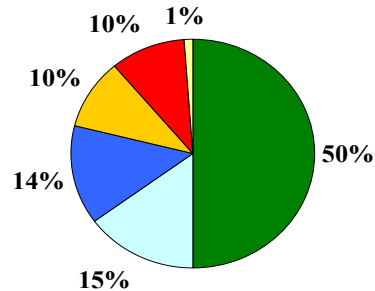


SCRAP TYPES
(BY POUNDS)



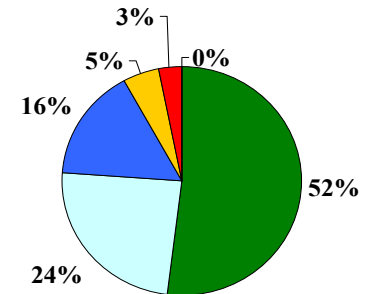
DRMS SCRAP SALES <1% OF U.S. MARKETS

FY 00 SCRAP (RRRP) REIMBURSEMENTS

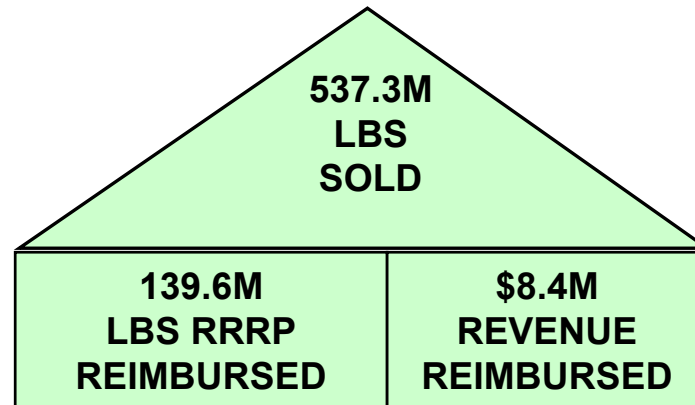


**REIMBURSEMENTS
(BY POUNDS)**

FY00



**REIMBURSEMENT
(BY REVENUE)**



**POC FOR REIMBURSEMENT PROBLEMS: MS. WENDY
BOETTGER OR WBOETTGER@DRMS.DLA.MIL**

DRMS : THE FUTURE

- **REDUCE COST AND IMPROVE PERFORMANCE**

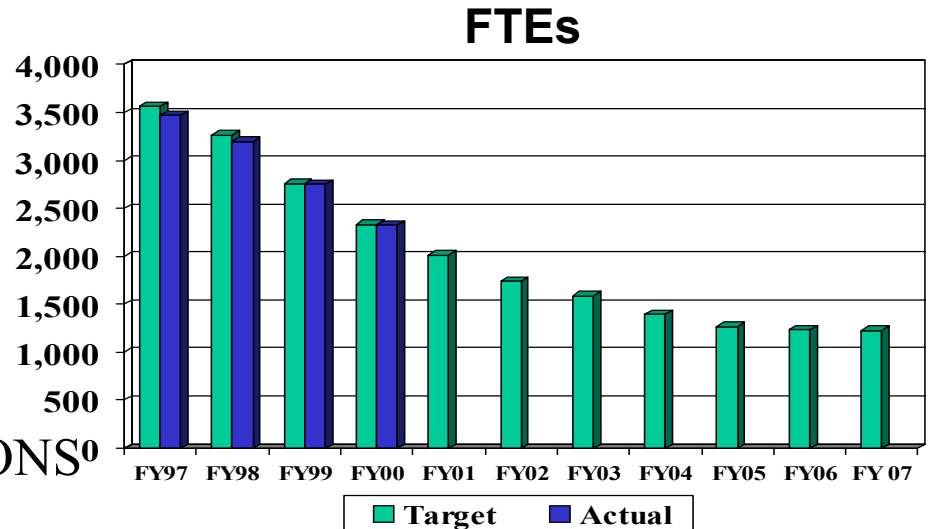
- **LESS GOVERNMENT STORAGE**

- **FY 05 TARGET**

- 1,250 FTES
- FEWER DRMS
- LOWER COST

- **HOW DO WE GET THERE?**

- A-76
- CONSOLIDATION OF FUNCTIONS
- REENGINEERING PROCESSES
- PARTNER WITH PRIVATE INDUSTRY TO USE BEST COMMERCIAL PRACTICES



DRMS SCRAP VISION

- **MOVE INFORMATION NOT PROPERTY**
 - **MINIMIZE GOVERNMENT STORAGE**
 - **REDUCE GOVERNMENT HANDLING COST**
- **MAINTAIN COMPLIANT DISPOSAL SERVICE**
 - **TRADE SECURITY CONTROLS**
 - **ENVIRONMENTAL REGULATIONS**
 - **SAFETY AND HEALTH REQUIREMENTS**
- **MEET OR EXCEED MILITARY CUSTOMERS EXPECTATION**
 - **TIMELY REMOVAL**
 - **PROMPT REIMBURSEMENTS**

SCRAP PARTNERING

- **BRING BEST COMMERCIAL BUSINESS PRACTICES TO DRMS SCRAP BUSINESS**
 - REDUCE COST
 - IMPROVE DOD NET FINANCIAL POSITION
- **INCLUDE DRMS SCRAP OPERATIONS FOR MOST OF U.S. SITES AND ALL SCRAP MATERIALS**
- **LESS CONTRACT ADMINISTRATION FOR DRMS**
- **MINIMIZE USE OF GOVERNMENT FACILITIES**
- **TIMELY REMOVAL OF ALL SCRAP AWARDED**

PROPOSED SCRAP VENTURE (SV)

REGIONS

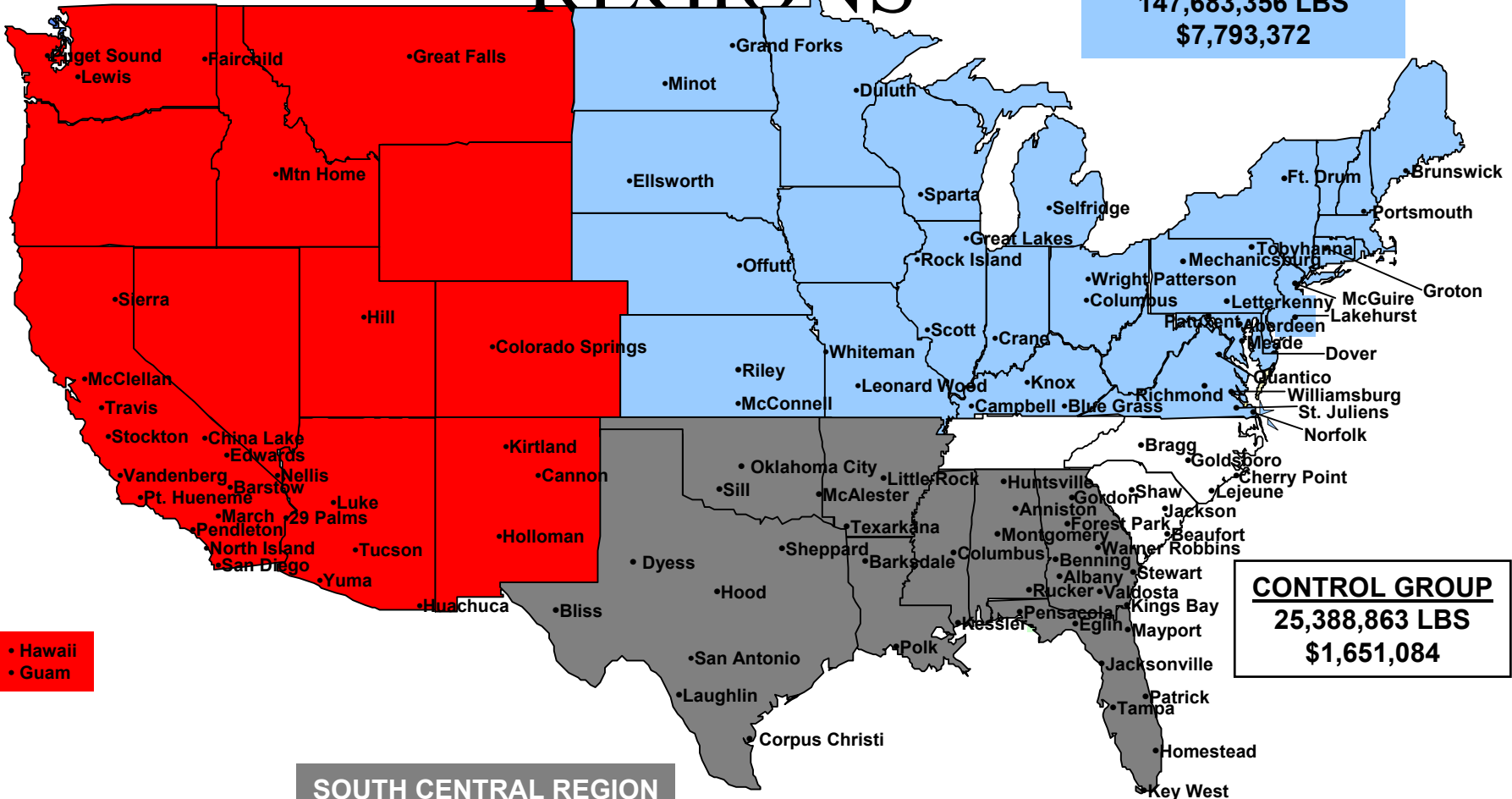
- Anchorage
- Fairbanks

WEST REGION
179,257,619 LBS
\$9,169,401

NORTH EAST REGION
147,683,356 LBS
\$7,793,372

CONTROL GROUP
25,388,863 LBS
\$1,651,084

SOUTH CENTRAL REGION
145,762,067 LBS
\$12,008,787



- Hawaii
- Guam

SCRAP VENTURE STRUCTURE

- **THREE REGIONAL SUBPOOLS (WEST, CENTRAL, NORTH EAST)**
 - **CONTROL STATES: TN, NC, AND SC**
- **BIDDING ON INDIVIDUAL POOLS AND/OR COMBINATION POOLS**
- **SEVEN (7) YEAR CONTRACT**
- **RIGHT AND OBLIGATION TO PURCHASE AND REMOVE ALL SCRAP FLOW IN REGION (FERROUS, NON-FERROUS, NON-METALLIC)**
- **PURCHASE PRICE BID BY CONTRACTOR**
- **INDEXING MECHANISM TIES TO STANDARD INDUSTRY DATA SERIES -- AMERICAN METALS MARKET (AMM)**

SUMMARY

- **SCRAP SALES NOT AN INHERENTLY GOVERNMENT FUNCTION**
- **DRMS MUST IMPLEMENT INITIATIVES TO REDUCE COST**
- **PARTNERING WITH PRIVATE INDUSTRY WILL ALLOW DRMS TO MEET MISSION REQUIREMENTS AND IMPROVE NET POSITION**
- **www.drms.dla.mil/newsales/html/special_sales.html**